



General Assembly

Amendment

February Session, 2008

LCO No. 4807

SB0039204807SD0

Offered by:

SEN. DAILY, 33rd Dist.

REP. STAPLES, 96th Dist.

To: Subst. Senate Bill No. 392

File No. 644

Cal. No. 427

"AN ACT EXTENDING FINANCING FOR INFORMATION TECHNOLOGY AND REMEDIATION PROJECTS, AND MAKING A TECHNICAL CORRECTION."

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. Section 32-285 of the general statutes is repealed and the
4 following is substituted in lieu thereof (*Effective from passage*):

5 (a) (1) There is hereby established a tax incremental financing
6 program, under which the incremental [sales taxes] hotel taxes
7 collected under [chapter 219 and admissions, cabaret and dues taxes
8 collected under chapter 225] subparagraph (H) of subdivision (2) of
9 subsection (a) of section 12-407, which are generated by a project
10 approved by the authority under this section may be used to pay the
11 debt service on bonds issued by the authority to help finance, on a self-
12 sustaining basis, significant economic projects and encourage their
13 location in the state.

14 (2) The incremental sales taxes collected under chapter 219, other
15 than the sales tax referenced in subdivision (1) of this subsection, and
16 admissions, cabaret and dues taxes collected under chapter 225 which
17 are generated by a project may, subject to approval pursuant to this
18 section by the joint standing committees of the General Assembly
19 having cognizance of matters relating to the Department of Economic
20 and Community Development and finance, revenue and bonding, and
21 the authority, be used to pay the debt service on bonds issued by the
22 authority to help finance, on a self-sustaining basis, significant
23 economic projects and encourage their location in the state.

24 (b) As used in this section: (1) "Authority" means the Connecticut
25 Development Authority; and (2) "eligible project" means a large-scale
26 economic development project (A) that may add a substantial amount
27 of new economic activity and employment in the municipality in
28 which it is to be located and surrounding areas, and may generate
29 significant additional tax revenues in the state; (B) for which use of the
30 tax incremental financing mechanism may be necessary to attract the
31 project to locate in the state; (C) which is economically viable and self-
32 sustaining, taking into account the application of the proceeds of the
33 bonds to be issued under the tax incremental financing program; (D)
34 for which the direct and indirect economic benefits to the state and the
35 municipality in which it will be located outweigh the costs of the
36 project; and (E) which is consistent with the strategic development
37 priorities of the state.

38 (c) Any person, firm or corporation wishing to participate in the tax
39 incremental financing program, or any municipality wishing to obtain
40 tax incremental financing to support a project within its boundaries,
41 may apply to the authority in accordance with the provisions of this
42 subsection. The application shall contain such information as the
43 authority may require, which may include information concerning the
44 type of business proposed to be established and its location, the
45 number of jobs to be created or retained and their average wage rates,
46 feasibility studies or business plans for the project and other
47 information necessary to demonstrate its financial viability, the

48 amounts and types of bonds proposed to be issued for the project and
49 the proposed use of the proceeds, information about other sources of
50 financing available to support repayment of the bonds proposed to be
51 issued, including property tax increments to be made available by the
52 municipality, a geographic description of the area surrounding the
53 proposed site of the project and the existing firms doing business in
54 that area, an economic impact assessment of the effects of the project
55 on the municipality, an assessment of the incremental hotel taxes, or, if
56 applicable, the incremental sales and admissions, cabaret and dues
57 taxes to be generated by the project, an analysis of necessary
58 infrastructure development to support the project and any available
59 sources of financing for such infrastructure and other information
60 which demonstrates that the bonds will be self-sustaining from the
61 incremental taxes collected and any amounts made available by a
62 municipality under subsection (i) of this section, and that the project
63 will provide net benefits to the economy and employment opportunity
64 in the state. The authority shall impose a fee for such application as it
65 deems appropriate. Any costs incurred by the authority which are
66 associated with such application and are not covered by such fee shall
67 be paid from funds of the authority which are not otherwise
68 committed or pledged.

69 (d) Upon receiving an application for participation in the tax
70 incremental financing program and any supporting information, the
71 executive director of the authority shall make a preliminary
72 determination as to whether a proposed project may be eligible for
73 participation in the program.

74 (e) (1) The authority shall review each application that has been
75 preliminarily determined to be eligible under subsection (d) of this
76 section. In reviewing an application, the authority shall obtain such
77 additional information as may be necessary to make a final
78 determination as to whether the project is eligible for participation in
79 the program, whether the project is economically viable with use of the
80 tax incremental financing mechanism, the effects of the project on the
81 municipality and whether the project would provide net benefits to

82 economic development and employment opportunity in the state. The
83 authority may require the project sponsor to submit such additional
84 information as may be necessary to evaluate the application.

85 (2) The authority shall retain such financial advisors and other
86 experts as it deems appropriate to conduct an independent financial
87 assessment of the application and supporting information, including,
88 in particular, the amount of the incremental hotel taxes, or, if
89 applicable, the incremental sales and admissions, cabaret and dues
90 taxes to be generated by the project, whether the project will be
91 economically viable and whether the bonds will be self-sustaining.

92 (3) The authority shall prepare a revenue impact assessment that
93 estimates the incremental hotel taxes or, if applicable, the incremental
94 sales and admissions, cabaret and dues taxes that would be generated
95 by the project, the state and local revenues that would be foregone as a
96 result of the project, all state and local revenues that would be
97 generated by the project and the economic benefits that would likely
98 result from construction of the project, including revenue effects of
99 such economic benefits.

100 (4) (A) Not later than seventy-two hours before presenting a
101 proposed project to the board of directors of the authority for final
102 approval, if such project uses incremental hotel taxes, the executive
103 director of the authority shall give notice of the proposed project and
104 meeting to the president pro tempore and minority leader of the
105 Senate, the speaker and minority leader of the House of
106 Representatives and the chairpersons and ranking members of the
107 joint standing committees of the General Assembly having cognizance
108 of matters relating to finance, revenue and bonding and the
109 Department of Economic and Community Development. Such notice
110 shall include such information about the project, the estimated tax
111 increments and the revenue impact assessment, as may be appropriate,
112 consistent with the protection of any confidential financial information
113 provided by the project sponsor. Any such member of the General
114 Assembly may, by notifying the executive director, request that the

115 board of directors of the authority defer final consideration of the
116 project for thirty days.

117 (B) If such project uses incremental sales and admissions, cabaret
118 and dues taxes, the notice required pursuant to subparagraph (A) of
119 this subdivision shall not be required, but the procedure in subdivision
120 (6) of subsection (f) of this section shall be followed after the board of
121 directors of the authority has given approval to such project.

122 (f) (1) Upon consideration of the application, the results of the
123 independent financial assessment, the revenue impact assessment and
124 any additional information that the board of directors of the authority
125 requires concerning a proposed project, such board of directors shall
126 determine whether to approve the project for participation in the tax
127 incremental financing program and, if so, the amount and type of
128 bonds the authority shall issue to support the approved project, the
129 purposes for which the funds generated by sale of the bonds may be
130 applied and the amount of the incremental sales and admissions,
131 cabaret and dues taxes that shall be annually allocated to pay principal
132 and interest on the bonds to be issued for the project. The amounts so
133 allocated shall not exceed the estimated amount of incremental taxes to
134 be collected, except that in the case of retail shopping center projects,
135 the amount of incremental sales allocated to calculating incremental
136 sales taxes shall not exceed thirty per cent of gross sales directly
137 associated with the project. From the amount of incremental taxes so
138 allocated by the authority, the amount required for payment of
139 principal and interest on the bonds issued in accordance with
140 subsection (g) of this section shall be deemed appropriated from the
141 state General Fund, provided, for projects using incremental sales and
142 admissions, cabaret and dues taxes, an amount shall be deemed
143 appropriated only upon final approval of such projects pursuant to
144 subdivision (6) of this subsection.

145 (2) The authority may approve a project only if it concludes that: (A)
146 The project is an eligible project; (B) the incremental hotel taxes or, if
147 applicable, the incremental sales taxes collected under chapter 219 and

148 the incremental admissions, cabaret and dues taxes collected under
149 chapter 225 that are generated by the project, together with other
150 dedicated sources of financing available to pay debt service on the
151 bonds, will be sufficient to pay interest and principal on the bonds as
152 they come due; (C) the project will be economically viable and will
153 contribute significantly to economic development and employment
154 opportunity in the state; and (D) the direct and indirect economic
155 benefits of the project to the state and the municipality in which it shall
156 be located will be greater than the costs to the state and such
157 municipality.

158 (3) The authority shall seek to obtain diversification among the
159 types of projects supported under this program and among the
160 geographic regions in the state in which projects are located.

161 (4) The approval of a project by the authority may be combined with
162 the exercise of any of its other powers, including but not limited to, the
163 provision of other forms of financial assistance. The proceeds of the
164 bonds may be combined with any other funds available from state or
165 federal programs, or from investments by the private sector, to support
166 the project.

167 (5) Upon approving a project, the authority may require the project
168 sponsor to reimburse the authority for all or any part of the costs of the
169 independent financial assessment conducted in reviewing the
170 application and any other related costs incurred.

171 (6) For final approval of any proposed project using incremental
172 sales and admissions, cabaret and dues taxes, the authority shall
173 submit, in a manner consistent with the protection of any confidential
174 financial information provided by the project sponsor, copies of the
175 application, the independent financial assessment, the revenue impact
176 assessment, and the proposed financial assistance to be offered by the
177 authority to the proposed project, to the joint standing committees of
178 the General Assembly having cognizance of matters relating to the
179 Department of Economic and Community Development and finance,

180 revenue and bonding for final approval. Within forty-five days of said
181 committees' receipt of such proposed project information, said
182 committees shall advise the authority of their approval or
183 modifications, if any, to such proposed financial assistance. If said
184 committees do not agree, the committee chairpersons shall appoint a
185 committee on conference which shall be comprised of three members
186 from each joint standing committee. At least one member appointed
187 from each committee shall be a member of the minority party. The
188 report of the committee on conference shall be made to each
189 committee, which shall vote to accept or reject the report. The report of
190 the committee on conference may not be amended. If a joint standing
191 committee rejects the report of the committee on conference, the
192 proposed financial assistance shall be deemed approved. If the joint
193 standing committees accept the report, the committee having
194 cognizance of finance, revenue and bonding shall advise the authority
195 of their approval or modifications, if any, of such proposed financial
196 assistance, provided, if the committees do not act within forty-five
197 days, the proposed financial assistance shall be deemed approved.
198 Financial assistance by the authority for the proposed project shall be
199 in accordance with the proposed financial assistance as approved or
200 modified by the committees.

201 (g) (1) The authority may issue one or more series of bonds in
202 accordance with the provisions of chapter 579, to the extent not
203 inconsistent with the provisions of this subsection, payable in whole or
204 in part from the incremental taxes allocated and deemed appropriated
205 from the state General Fund under subsection (f) of this section and
206 any amounts contributed by a municipality under subsection (i) of this
207 section, to finance a project approved under this section or to refund
208 bonds previously issued under this section. The authority is
209 authorized to make a grant of all or part of the proceeds of such bonds
210 to any person in connection with the acquisition, construction and
211 equipping of an eligible project, including the expense of the state or
212 any municipality, or any instrumentality or agency of the state or any
213 municipality, in connection therewith. Subject to applicable federal tax

214 law, the authority may issue such bonds, the interest on which is
215 excludable from gross income for federal income tax purposes, or such
216 bonds, the interest on which is not so excludable. The authority, when
217 authorizing the issuance of any series of such bonds, shall, in
218 conjunction with the State Treasurer, determine the rate of interest of
219 such bonds, the date or dates of their maturity, the medium of
220 payment, the redemption terms and privileges, whether such bonds
221 shall be sold by negotiated or competitive sale and any and all other
222 terms, covenants and conditions not inconsistent with this section, in
223 connection with the issuance thereof, including but not limited to, the
224 pledging of special capital reserve funds authorized under subsection
225 (b) of section 32-23j.

226 (2) The issuance of any bonds by the authority under this section
227 shall be subject to the approval of the State Bond Commission. Upon
228 approving a project, the authority shall submit the matter to the State
229 Bond Commission for final approval. The State Bond Commission
230 shall not approve any project unless it has received the submission
231 from the authority at least ten days prior to the meeting at which such
232 project is to be considered. Such submission shall include the
233 information considered by the authority in approving the project, the
234 independent financial assessment and such other information as the
235 commission deems appropriate. In reaching its decision, the State
236 Bond Commission may consider such information as submitted. After
237 such approval by the Bond Commission, no other approval shall be
238 required for the project.

239 (h) For such period of time as bonds issued to support an approved
240 project are outstanding, the Treasurer shall make payment of interest
241 and principal on the bonds to the trustee when due, but not exceeding
242 in any fiscal year the amount deemed appropriated pursuant to
243 subsection (f) of this section.

244 (i) A portion of the proceeds of bonds issued pursuant to this
245 section may be made available to a municipality in which a project is
246 located for the purpose of carrying out or administering a

247 redevelopment plan or other functions authorized under chapter 130
248 or chapter 132. Such municipality may contribute all or any part of the
249 money specified in subdivision (2) of section 8-134a or subdivision (b)
250 of section 8-192a to the authority for the payment of principal and
251 interest on the bonds issued by the authority under this section to
252 support such approved project. In exercising such power, such
253 municipalities shall proceed as provided in said chapter 130 or 132, as
254 the case may be, except that the references therein to bonds and bond
255 anticipation notes shall be deemed to refer to the bonds issued by the
256 authority under this section.

257 (j) (1) Not later than July first in each year that bonds issued to
258 support an approved project are outstanding, the authority shall
259 submit a report to the joint standing committees of the General
260 Assembly having cognizance of matters relating to the Department of
261 Economic and Community Development and finance, revenue and
262 bonding with respect to the operations, finances and achievement of
263 the economic development objectives of the projects approved under
264 this section. The authority shall review and evaluate the progress of
265 each project and shall devise and employ techniques for forecasting
266 and measuring relevant indices of accomplishment of its goals of
267 economic development, including, but not limited to, (A) the actual
268 expenditures compared to original estimated costs, (B) whether there
269 have been significant cost increases over original estimates, (C) the
270 number of jobs created, or to be created, by or as a result of the project,
271 (D) the cost or estimated cost, to the authority, involved in the creation
272 of those jobs, (E) the amount of private capital investment in, or
273 stimulated by, the project, in proportion to the public funds invested in
274 such project, (F) the number of additional businesses created and
275 associated jobs, and (G) any impact on tourism.

276 (2) Not later than July first in each year that bonds issued to support
277 an approved project are outstanding, the Office of Policy and
278 Management shall retain independent financial experts to conduct an
279 analysis of the financial status of each project approved under this
280 section. The independent financial analysis shall include, but not be

281 limited to, determinations as to whether the incremental hotel taxes or,
282 if applicable, the incremental sales and admissions, cabaret and dues
283 taxes actually generated by the project are equal to the estimates made
284 at the time the project was approved, whether the project is
285 economically viable and whether the bonds issued are self-sustaining
286 with the incremental taxes actually collected and other financing
287 sources dedicated to repayment of the bonds. The authority shall
288 require the project sponsor to reimburse the Office of Policy and
289 Management for the costs of such annual analyses. The results of such
290 analyses shall be made available to the president pro tempore of the
291 Senate, the speaker of the House of Representatives, the majority and
292 minority leaders of both houses, and to the chairpersons and ranking
293 members of said committees.

294 (k) No commitments for new projects shall be approved by the
295 authority under this section on or after July 1, [2008] 2010."